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SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:
ADVANCE TECH INTERNATIONAL

REF: A) USDOC 00993

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), accompanied by Commercial Assistant, Sandy Lai, conducted a post shipment verification (PSV) at Advance Tech International Ltd. (Advance Tech), 16/F, 200 Gloucester Rd., Wanchai, Hong Kong. The items in question are 21 monolithic integrated circuits valued at USD 4,410. The export control classification number (ECCN) for these items is listed on the applicable DHL Air Waybill for the shipment as 3A001.b2b. Items properly classified as 3A001.b2b generally do not require a license for export to Hong Kong but may require a license for export/reexport to mainland China. The exporter is TLC Precision Wafer Technology of Minneapolis, Minnesota (TLC).

3. According to the Hong Kong Companies Registry, Advance Tech has been in existence since 1992. According to the Companies Registry, Fullmark (Corporate Services) Nominees Limited is the sole director of the company. The Company's authorized and paid-up capital is the equivalent of approximately USD 1,200. Ricomax (HK) Limited is collocated at the same address and shares the same director. According to that company's web site (www.ricomax.com), Ricomax is a global product trading company specialized in the trade of various consumer goods. A Hong Kong Trade Development Council profile on both companies lists Mr. Miron Yakuel as director in both companies.

4. The ECO, accompanied by Commercial Assistant Sandy Lai, visited Advance Tech at the address referenced above on February 16, 2007 and met with Michael Cheung and Jose Lam. Messrs Cheung and Lam provided background on Advance Tech and its business and the proposed end-use of the items. They stated that their manager had hoped to meet but was out sick. They stated that Advance Tech is involved in data communications R&D projects including work on wireless modems. Advance Tech has 8-10 employees in Hong Kong, primarily working on accounting and procurement related matters. They stated that there is no relationship between the activities of Ricomax and Advance Tech except that they share office space and an internet domain (their business cards use the Qricomax.comQ domain). By follow-up e-mail, M.Cheung clarified that Anat Yakuel is the Qmajor shareholder of both Ricomax and Advance Tech.

5. When asked about the proposed use of the item, Mr. Cheung provided the ECO a document entitled QLast MileQ. That document (without any corporate identification or logo of any kind) states that the Qgoal of this start-up is to provide a fixed wireless V&VoIP (voice and video over IP) connectivity from rural towns to dense populated metropolitan areas. Mr. Cheung stated that Advance Tech is in the R&D phase of this project and uses one engineer stationed in Mainland China as well as freelance engineers in

mainland China to complete the R&D on an Qas-needed basis. It has no production or other operation in mainland China although one Advance Tech engineer is based in the mainland. Advance Tech's practice is to hand carry components to the mainland to provide to the engineers for their R&D work. If the R&D project is successful, the company intends to sell the project to investors. Mr. Cheung stated that Advance Tech is only working on this project for now. Previously, the company worked on another R&D project that failed and was discontinued. As to this project, they are still ordering components for the project in order to finalize it.

16. Mr. Cheung showed the ECO what appeared to be the circuits (there were 50 in total) in a small box. In addition, Mr. Cheung subsequently provided the ECO (by e-mail attachment), two DHL Air Waybills (No. 759 8065 812 and 7598065801 dated August 11, 2006 and

September 8, 2006 respectively). By that same e-mail, he also provided a copy of an invoice from TLC indicating that a total of 50 of the items had been sold to Advance Tech. It appears this PSV was requested only on the September 8, 2006 shipment.

17. The QLast MileQ document provided by Advance Tech lists the most important components for the project. Those components include the items that are subject of this check. They also include 50 Agilent HMMC-3040 mixers, 100 Triqunit TGA-1073A pre-amplifiers, 100 Triqunit TGA-1141 amplifiers, 50 Alpha ATN 3580-20 attenuators, 100 Hittete HMC329 mixers, 100 UMS CHA-2098b amplifiers and 50 UMS CHA-2095a amplifiers. All of these items, except the UMS items, are listed as being supplied from the United States. Mr. Cheung stated that Advance Tech had already received virtually all of the items in question. The ECO recommends that commodity classifications of these items be obtained to ascertain whether licenses were required to export these items to Advance Tech. A TriQunit data sheet on the TGA 1141 states that one of the primary applications of this item is use in military radar systems.

18. The ECO provided Messrs Cheung and Lam with information about U.S. export controls and further recommended that the company research further whether Hong Kong export control laws may be implicated by the import and export of these items (the ECO believes they likely are). The ECO stressed that it is important that the company understand U.S. export control requirements and provided contact information both in Hong Kong and at BIS headquarters where such information could be obtained. It did not appear that the company was aware of U.S. export control requirements prior to the ECO's visit.

19. While Advance Tech cooperated with the PSV and provided the requested information concerning the final disposition of the items, based on the totality of the facts referenced above, the ECO recommends that this PSV be classified as Unfavorable.
Cunningham